

Filing at a Glance

Companies: St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company

Product Name: Public Sector Services	SERFF Tr Num: TRVD-125254807	State: Arkansas
TOI: 05.0 Commercial Multi-Peril - Liability & Non-Liability	SERFF Status: Closed	State Tr Num: AR-PC-07-025737
Sub-TOI: 05.0007 Other CMP	Co Tr Num: 2006-08-0172-R	State Status:
Filing Type: Rate	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Authors: Carrie Acuna, Carol Letendre	Disposition Date: 08-09-2007
	Date Submitted: 08-07-2007	Disposition Status: Exempt from Review
Effective Date Requested (New): 10-01-2007		Effective Date (New): 10-01-2007
Effective Date Requested (Renewal): 10-01-2007		Effective Date (Renewal): 10-01-2007

General Information

Project Name: Rate and Rule Submission	Status of Filing in Domicile: Authorized
Project Number: 2006-08-0172-R	Domicile Status Comments: N/A
Reference Organization: N/A	Reference Number: N/A
Reference Title: N/A	Advisory Org. Circular: N/A
Filing Status Changed: 08-09-2007	
State Status Changed: 08-07-2007	Deemer Date:
Corresponding Filing Tracking Number: TRVD-125254806	
Filing Description:	
This filing proposes a new product offering within our Public Sector Services portfolio of products. We are proposing to offer Employment Practices Liability (EPL) coverage on an occurrence basis within the Public Entity Rate Plan (PERP). This proposed plan provides an opportunity to competitively rate for this unique and specialized coverage. The corresponding form filing has been submitted under separate cover.	

Please refer to the enclosed Rate/Rule Memorandum for identification and explanation of the material included in this submission. There is no rate impact on existing insureds.

Company and Contact

Filing Contact Information

Carol Letendre, Senior Regulatory Analyst CLETENDR@travelers.com

385 Washington Street (651) 310-7110 [Phone]
St. Paul, MN 55102 (651) 310-4361[FAX]

Filing Company Information

St. Paul Fire and Marine Insurance Company	CoCode: 24767	State of Domicile: Minnesota
385 Washington Street	Group Code: 3548	Company Type:
St. Paul, MN 55102	Group Name:	State ID Number:
(651) 310-7782 ext. [Phone]	FEIN Number: 41-0406690	

St. Paul Guardian Insurance Company	CoCode: 24775	State of Domicile: Minnesota
385 Washington Street	Group Code: 3548	Company Type:
St. Paul, MN 55102	Group Name:	State ID Number:
(651) 310-7782 ext. [Phone]	FEIN Number: 41-0963301	

St. Paul Mercury Insurance Company	CoCode: 24791	State of Domicile: Minnesota
385 Washington Street	Group Code: 3548	Company Type:
St. Paul, MN 55102	Group Name:	State ID Number:
(651) 310-7782 ext. [Phone]	FEIN Number: 41-0881659	

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: 100.00 Flat fee for Rate Rule Filings.
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
St. Paul Fire and Marine Insurance Company	\$100.00	08-07-2007	14998607
St. Paul Guardian Insurance Company	\$0.00	08-07-2007	
St. Paul Mercury Insurance Company	\$0.00	08-07-2007	

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	08-09-2007	08-09-2007

Disposition

Disposition Date: 08-09-2007

Effective Date (New): 10-01-2007

Effective Date (Renewal): 10-01-2007

Status: Exempt from Review

Comment: Per Arkansas Code 23-67-206: Property and casualty insurance for commercial risk, excluding workers compensation, employers liability, and professional liability insurance are exempted from rate and rule filing and review. (see actual code site for details)

Rate data does NOT apply to filing.

Item Type	Item Name	Item Status	Public Access
Supporting Document	Cover Letter & Memorandum	Accepted for	Yes
		Informational Purposes	
Supporting Document	NAIC Transmittal Forms	Accepted for	Yes
		Informational Purposes	
Supporting Document	Actuarial Exhibits	Accepted for	Yes
		Informational Purposes	
Rate	Public Entity Employment Practices Liability	Accepted for	Yes
		Informational Purposes	

Rate Information

Rate data does NOT apply to filing.

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Accepted for Informational Purposes	Public Entity Employment Practices Liability	R&R XII.1 Rev. 6-1-07	Replacement	01-04-042-R	PERP_AR_EPL rate pages.pdf

XII. Public Entity Employment Practices Liability Rates and Rules ARKANSAS

Base Rates

Rates are at \$1,000,000/\$1,000,000 limit with a \$5,000 deductible, which applies to damages and defense expenses.

Number of Employees	Claims-made Rate per Employee	Occurrence Rate Per Employee
First 25	88.00	94.00
Next 25	85.00	90.00
Next 50	83.00	88.00
Next 150	75.00	80.00
Next 250	63.00	67.00
Next 500	50.00	53.00

Supporting Document Schedules

Satisfied -Name: Cover Letter & Memorandum

Review Status:

Accepted for Informational 08-09-2007
Purposes

Comments:

Attachments:

AR 2006-08-0172 Rate-Rule ltr.pdf
Rate Rule Memorandum.pdf

Satisfied -Name: NAIC Transmittal Forms

Review Status:

Accepted for Informational 08-09-2007
Purposes

Comments:

Attachments:

NAIC Transmittal Doc.pdf
NAIC RR Filing Schedule.pdf

Satisfied -Name: Actuarial Exhibits

Review Status:

Accepted for Informational 08-09-2007
Purposes

Comments:

Attachment:

Actuarial Exhibits.pdf



Carol Letendre

Senior Regulatory Analyst
Regulatory Affairs, Business Insurance
Toll Free: (800) 328-2189 Ext. 07110
Direct: (651) 310-7110; Fax: (651) 310-4361
385 Washington Street, 9275-NB14L
St. Paul, MN 55102
Cletendr@travelers.com

August 7, 2007

Commissioner Julie Benafield Bowman
Commissioner of Insurance
State of Arkansas
1200 West Third Street
3rd and Cross
Little Rock, AR 72201-1904

ST. PAUL FIRE AND MARINE INSURANCE COMPANY – 3548-24767

ST. PAUL MERCURY INSURANCE COMPANY – 3548-24791

ST. PAUL GUARDIAN INSURANCE COMPANY – 3548-24775

Public Sector Services

Commercial Multi-Peril

Rate and Rule Submission

Our Company Filing Number: 2006-08-0172-R

Dear Commissioner:

This letter and the enclosed material are being submitted as an independent filing on behalf of the above captioned companies.

This filing proposes a new product offering within our Public Sector Services portfolio of products. We are proposing to offer Employment Practices Liability (EPL) coverage on an occurrence basis within the Public Entity Rate Plan (PERP). This proposed plan provides an opportunity to competitively rate for this unique and specialized coverage. The corresponding form filing has been submitted under separate cover.

Please refer to the enclosed Rate/Rule Memorandum for identification and explanation of the material included in this submission. There is no rate impact on existing insureds.

Please indicate your acknowledgment of this filing to be effective **October 1, 2007** by stamping and returning the extra copy of this letter.

Sincerely,

Carol Letendre
Senior Regulatory Analyst
CL/ca
Enclosures



Rate/Rule Memorandum

The purpose of this memorandum is to outline the changes that we are proposing to our Public Entity Rate Plan. The attached exhibits provide actuarial support for these changes.

This filing proposes a new product offering within our Public Entity Rate Plan (PERP). There is no rate impact on existing insureds. We are proposing to offer Employment Practices Liability (EPL) coverage on an occurrence basis. We have derived the rates for this new occurrence product by starting with our currently filed and approved claims made EPL rates and multiplying them by an appropriate Claims Made to Occurrence factor. The actuarial support for the claims made to occurrence factor is included in Exhibits Prof 1A - 1C.

The Public Entity Rate Plan Manual is amended with revised page XII. Public Entity Employment Practices Liability, R&R XII.I Rev. 10-1-06. This revision will replace the edition currently on file. The changes include the addition of the new Occurrence rates and Additional Rating Rules that correspond to the new Occurrence insuring agreement and endorsements.

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
Travelers	3548

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
St. Paul Fire & Marine Insurance Company	MN	24767	41-0406690	
St. Paul Mercury Insurance Company	MN	24791	41-0881659	
St. Paul Guardian Insurance Company	MN	24775	41-0963301	

5. Company Tracking Number	2006-08-0172-R
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Carol Letendre 385 Washington St. St. Paul MN 55102	Senior Regulatory Analyst	651-310-7110 800-328-2189 Ext. 07110	651-310-4361	Cletendr@travelers.com
7. Signature of authorized filer		<i>Carol Letendre</i>		
8. Please print name of authorized filer		Carol Letendre		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	5.0000 CMP
10. Sub-Type of Insurance (Sub-TOI)	5.0007 Other CMP
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Public Entity Rate Plan Manual
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: October 1, 2007 Renewal: October 1, 2007
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	August 7, 2007
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Please refer to the enclosed Rate/Rule Memorandum for identification and explanation of the material included in this submission. There is no rate impact on existing insureds.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
ARKANSAS Check #: N/A – EFT Amount: 100.00	
<p>Refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.</p>	

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PC TD-1 pg 2 of 2
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RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	2006-08-0172-R
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	2006-08-0172-F
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☐ Rate Increase ☐ Rate Decrease ☒ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	F&U
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4a.	Rate Change by Company (As Proposed)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
N/A							

4b.	Rate Change by Company (As Accepted) For State Use Only						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)			
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		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	N/A	
5b.	Overall percentage rate impact for this filing	N/A	
5c.	Effect of Rate Filing – Written premium change for this program	N/A	
5d.	Effect of Rate Filing – Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	N/A
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7.	Effective Date of last rate revision	N/A
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	F&U
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Public Entity Employment Practices Liability R&R XII.1 Rev. 6-1-07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	01-04-042-R
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	



Public Sector Services

Review of Claims Made Factors

Professional Liability -- All Coverages

Exhibit Prof -- 1A

Countrywide Data evaluated as of 12/31/2005

REPORT YEAR INCURRED LOSS & ALAE

ACC YEAR LAG	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
0	7,365,541	10,261,274	23,321,180	18,985,760	17,276,962	16,451,297	13,264,310	14,348,102	11,136,194	6,279,364
1	4,828,036	5,360,174	6,609,072	8,340,508	9,040,473	7,236,715	4,842,979	6,461,979	2,131,511	1,140,629
2	3,087,622	3,165,818	3,587,372	2,653,385	1,687,831	4,140,550	2,875,159	1,209,735	541,742	48,579
3	934,589	1,211,809	1,342,969	743,626	2,052,718	2,231,185	158,269	8,657	-	2,334
4	221,299	52,794	554,599	576,603	897,443	209,559	603,914	-	271,169	-
5	57,016	48,691	222,239	264,186	178,900	-	-	-	-	-
6	-	4,678	46,193	326,134	-	-	-	-	-	-
>6	41,205	44,343	9,381	21	93,567	-	-	-	-	-
Total RY Inc	16,535,308	20,149,582	35,693,004	31,890,223	31,227,893	30,269,306	21,744,631	22,028,472	14,080,616	7,470,905

REPORT YEAR INCURRED LOSS & ALAE -- DEVELOPED TO ULTIMATE

ACC YEAR LAG	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Lag 0	9,236,744	11,576,182	24,752,619	19,499,097	17,377,727	16,448,243	13,260,440	14,362,441	11,136,194	6,279,364
Lag 1	6,054,591	6,047,042	7,014,732	8,566,019	9,093,200	7,235,372	4,841,566	6,468,437	2,131,511	1,140,629
Lag 2	3,872,027	3,571,495	3,807,562	2,725,127	1,697,675	4,139,781	2,874,320	1,210,944	541,742	48,579
Lag 3	1,172,019	1,367,094	1,425,400	763,732	2,064,690	2,230,771	158,223	8,666	-	2,334
Lag 4	277,520	59,559	588,640	592,193	902,677	209,520	603,738	-	271,169	-
Lag 5	71,501	54,930	235,880	271,329	179,943	-	-	-	-	-
Lag 6	-	5,278	49,028	334,952	-	-	-	-	-	-
Lag >6	51,673	50,026	9,957	22	94,113	-	-	-	-	-
Total RY Ult	20,736,074	22,731,606	37,883,817	32,752,471	31,410,025	30,263,687	21,738,286	22,050,488	14,080,616	7,470,905

**Assume that reported losses across all lag periods in a given report year follow the same loss development pattern to ultimate.

RY LDF's	1.254	1.128	1.061	1.027	1.006	1.000	1.000	1.001	1.000	1.000
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ULTIMATE REPORT YEAR INC LOSS & ALAE BY LAG YEAR AS % OF TOTAL REPORT YEAR ULTIMATE

ACC YEAR LAG	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
0	44.5%	50.9%	65.3%	59.5%	55.3%	54.3%	61.0%	65.1%	79.1%	84.1%
1	29.2%	26.6%	18.5%	26.2%	28.9%	23.9%	22.3%	29.3%	15.1%	15.3%
2	18.7%	15.7%	10.1%	8.3%	5.4%	13.7%	13.2%	5.5%	3.8%	0.7%
3	5.7%	6.0%	3.8%	2.3%	6.6%	7.4%	0.7%	0.0%	0.0%	0.0%
4	1.3%	0.3%	1.6%	1.8%	2.9%	0.7%	2.8%	0.0%	1.9%	0.0%
5	0.3%	0.2%	0.6%	0.8%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
6	0.0%	0.0%	0.1%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
>6	0.2%	0.2%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Total RY Ult	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Public Sector Services

Review of Claims Made Factors

Professional Liability -- All Coverages

Exhibit Prof -- 1B

Accident Year	Percent Reported by Lag							
	Wtd Avgs				Normalized Wtd Avgs			
	<u>Lag</u>	<u>All Year</u>	<u>7 Year</u>	<u>5 Year</u>	<u>3 Year</u>	<u>All Year</u>	<u>7 Year</u>	<u>5 Year</u>
	61.1%	57.5%	57.5%	57.5%	56.5%	54.6%	54.7%	55.2%
0	25.2%	25.3%	26.0%	24.5%	23.3%	24.0%	24.7%	23.5%
1	12.3%	12.9%	12.7%	14.8%	11.4%	12.3%	12.0%	14.2%
2	5.7%	5.7%	5.2%	5.1%	5.2%	5.4%	5.0%	4.9%
3	2.1%	2.1%	2.1%	1.4%	1.9%	2.0%	2.0%	1.4%
4	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%	0.6%	0.5%
5	0.9%	0.9%	0.9%	0.1%	0.8%	0.9%	0.9%	0.1%
6	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Total	108.1%	105.2%	105.2%	104.1%	100.0%	100.0%	100.0%	100.0%

Averages of Reporting Pattern by Lag									Selected Report Year Reporting Pattern
Accident Period <u>Lag</u>	Straight Avgs				Wtd Avgs				
	<u>All Year</u>	<u>7 Year</u>	<u>5 Year</u>	<u>3 Year</u>	<u>All Year</u>	<u>7 Year</u>	<u>5 Year</u>	<u>3 Year</u>	
0	61.9%	55.9%	55.1%	53.6%	56.5%	54.6%	54.7%	55.2%	55.0%
1	23.5%	25.1%	25.9%	24.8%	23.3%	24.0%	24.7%	23.5%	25.0%
2	9.5%	12.2%	11.6%	14.8%	11.4%	12.3%	12.0%	14.2%	11.0%
3	3.3%	4.6%	4.9%	5.1%	5.2%	5.4%	5.0%	4.9%	5.0%
4	1.3%	1.6%	1.6%	1.1%	1.9%	2.0%	2.0%	1.4%	2.5%
5	0.3%	0.4%	0.5%	0.4%	0.6%	0.6%	0.6%	0.5%	1.0%
6	0.1%	0.2%	0.2%	0.1%	0.8%	0.9%	0.9%	0.1%	0.5%
<u>7 or more</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Public Sector Services

Review of Claims Made Factors

Professional Liability -- All Coverages

Exhibit Prof -- 1C

Projected Reporting Pattern**

Accident Year Lag	<u>2007</u>	<u>2008</u>	<u>2009</u>	Report Year <u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
0	0.55						
1	0.25	0.27					
2	0.11	0.12	0.13				
3	0.05	0.05	0.06	0.06			
4	0.03	0.03	0.03	0.03	0.03		
5	0.01	0.01	0.01	0.01	0.01	0.01	
6+	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
TOTAL	1.00						
Note:	** Annual Loss Trend = 7.5%						1.063

Implied Claims Made to Occurrence Factor = 1.063